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THE CREATION OF A CAPABILITIES BROCHURE

Many firms have brochures; nevertheless, we believe ours to be somewhat unique because it is arranged as a capabilities brochure. We began distributing this brochure to clients and potential clients in late 1976, and since its inception, have received many favorable comments and requests for information as to how it was developed. Because there seems to be such widespread interest in how one begins, what help is available from outside the firm, what problems are encountered and what it costs to produce such a brochure, we believe it would be useful to share our experiences with other practitioners.

The first steps we took were to determine who we were trying to reach and what we wanted to tell them. The selected audience consisted of our present clients and business-related contacts such as bankers and attorneys. The message the brochure had to convey contained information about the services we offer (our capabilities) and the experience and competency of the people who provide them. The objective was to bolster the firm's image for referral sources. This message, in turn, largely determined the layout of our brochure.

We chose an ivory-colored cover with just our firm name and logo on the outside front and back. (The logo is embossed on the front and printed on the back.) Inside, there are four pages of text and graphics explaining our firm's capabilities in a wide range of accounting, auditing, financial planning, management consulting and tax reporting services to a variety of businesses. This information is not subject to frequent change, consequently these pages are saddle-wired to the cover. We changed the design slightly for the second printing to allow for flexibility, and the brochure now has a pocket on the back cover to hold updated information on partners and staff. The pocket is slotted so that it will also hold a business card.

We decided on the general distribution proce-

dures before going ahead with the production of the brochure. A copy was mailed to each client with our year-end newsletter, and partners carried a supply of brochures in their cars so they could give them to business-related contacts. This is why the back pocket is slotted to hold a business card.

Distributing the brochure in this manner to specific types of people allowed us to make a fairly accurate estimate of the number of copies to print. Partners counted the clients assigned to them and the number of copies they would need for bankers, attorneys, service club members and other business-related people, and these individual amounts were added to find the total number needed.

We used a consultant—a graphics design firm (such firms are listed in the yellow pages)—in the actual production of the brochure. This firm did the layout, design and camera-ready artwork and contracted the photographer and printer. Advertising agencies can also perform these functions; in fact, they may offer a wider array of services than design firms, but they may be more expensive.

To develop information for such a project, we suggest talking to clients or other CPAs who have produced brochures or good-quality catalogues. We also recommend talking to a few consultants in order to become acquainted with their styles, procedures, prices, qualities and reputations. Review samples of their work and ask them how

(Continued on page 6)

What's Inside ...

- ☐ How executives rate accountants, p.2.
- ☐ A practitioner tells about a convenient information service, p.2.
- ☐ An unusual situation, p.3.
- ☐ Clients can help reduce audit time, p.3.
- ☐ Questions for the speaker, p.4.
- ☐ Keeping office records, p.4.
- ☐ AICPA committee involvement, p.7.

Top of the Class

When it comes to performance, executives rate accountants the highest of all professionals with whom they have contact. At least, that's what a recent *Wall Street Journal*/Gallup survey of 782 chief executives of all-sized U.S. firms shows. (See following chart.)

How Heads of Firms Rate Business Professionals				
	Very Good	Fairly Good	Poor	No Opinion
Accountants	45%	47%	6%	2%
Lawyers	39	43	14	4
Investment Bankers	28	48	15	9
Public Relations Specialists	15	45	27	13
Business Journalists	13	46	29	12
Executive Recruiters	11	42	27	20

According to the *Journal* article, the head of one large company thinks that accountants' rules and regulations are a disaster but, given the rules, accountants do a professional job.

There are some criticisms though. Some executives think accountants

- ☐ Leave the training to clients.
- ☐ Are unimaginative and slow to highlight problems.
- ☐ See their job as overly specialized and are too willing to hide behind the profession's shield and not get broadly into the management process.

One executive complained about the limited usefulness of accountants' reports that contain too many "escape clauses." On the whole though, the vast majority of executives are satisfied with accountants' performances.

A Local Call Will Do It

Practitioners who have a telecommunications terminal in the office or a minicomputer with a modem or acoustic coupler, might be interested in an information service that is available in over 250 U.S. cities through a telecommunications network. With this relatively low-cost hardware, one can gain access to an on-line library just by making a local telephone call.

The system contains several useful data bases and applications programs such as

- ☐ United Press International (UPI) wire service.
- ☐ New York Times consumer data base.
- ☐ Major stock exchanges and financial futures markets.
- ☐ Information on airline schedules, ticketing and reservations.
- ☐ Tax information, planning and calculation programs.
- ☐ Special business applications programs including annuities, installment loans, depreciation schedules, bond yields, lease vs. purchase, loan amortization, present value and statistical analysis.
- ☐ Text editing.
- ☐ Simplified data base management.
- ☐ Programming languages including Basic, Fortran, RPG11 and COBOL.

A unique aspect of the network is the electronic mail feature which permits terminal-to-terminal communication with another subscriber in any part of the country. This is often cheaper than sending a telegram or using express mail or a courier service. In fact, if the real cost of producing a letter is considered—the time spent by two or more people in dictating, transcribing and mailing it—the savings and convenience of the electronic mail feature warrants interest.

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There is a modest sign-up fee and, other than for storing your own data, the only charges are the hourly usage rates which vary depending on whether the system is used in prime or non-prime time.

We have found the service to be very helpful in our practice and I'll be happy to supply any interested reader with further information on our costs and the address of the service. Readers should just write to me

Robert C. Wynne, CPA
256 Third Street
Niagara Falls, N.Y. 14303

The AICPA/Comshare and AICPA/Tymshare libraries are also valuable tools for practitioners. With the same terminal used to access Source, you can access over 150 different accounting, auditing, financial, investment and tax-related programs in these timesharing libraries. For further information, write the AICPA computer services division in New York.

Dear Dr. Agony:

My partner says he knows of a CPA who sat for and passed all parts of the CPA examinations in two jurisdictions during the same period.

I say, not so—uniform exam, uniform dates, etc. Your answer will determine which of us goes to Florida during tax season.

Sincerely,
Anxious

Dear Anxious:

Sorry, you'll have to stay home and review the 1040s.

In the autumn of 1948, two states, Pennsylvania and Wisconsin, were still giving their own examinations. Robert Browse, now of Doylestown, Pa., took and passed the uniform examination in the District of Columbia. Two weeks later, he sat for the Pennsylvania exam, which he also passed. In early 1949 he was issued certificates by both jurisdictions.

Unique? Perhaps. Unusual? Certainly.

Sincerely,
Dr. A.

Clients Can Help Minimize Increases in Audit Fees

What with inflation and one thing and another, audit fees are increasing. However, increases can be minimized through client cooperation to reduce the time your staff spends on an audit.

Here are a few ideas based on suggestions Rubin, Brown, Gornstein & Co. of St. Louis, Missouri, gave its clients in a recent issue of its newsletter. For example, audit time can be reduced if clients

- ☐ Provide your staff with adequate working space and some degree of privacy. Efficiency will increase.
- ☐ Review the prior year's audit with you. Time can often be saved through critical planning.
- ☐ Let you know before entering into unusual or significant transactions, such as acquisitions or sales of major assets. Explain to clients that accounting matters are best resolved prior to the audit date.
- ☐ Consult you in planning physical inventory-taking. You can help them develop needed forms and procedures and tell them what they have to do and what your function is.
- ☐ Reconcile intercompany accounts.
- ☐ Know which schedules will be needed and prepare them for you. They can then correct any errors and mispostings and make certain that all schedules agree with the books of account.
- ☐ Set up procedures to provide your staff with needed invoices, contracts and other documents.
- ☐ Talk to you about using their data processing systems in the preparation of certain analyses.
- ☐ Tell you if any phase of the preparation, such as inventory counts, won't be ready at the agreed time. Unnecessary surprises increase the time your staff must spend on an engagement.
- ☐ Explain to their staff people that while an audit may seem to be a disruption, it is both necessary and costly. The meter keeps running when your staff has to wait for data.

Relations are helped if clients' staff people realize that CPAs aren't detectives. Ask clients to explain to their people that when you ask them questions it is not a reflection on their competence or integrity. Tell clients, if they can do the things mentioned, they can help keep audit fee increases to a minimum.

Questions for the Speaker

Questions and answers are an integral part of the AICPA's management of an accounting practice conferences. (See "Questions for the Speaker" in the December 1979 issue.) While all questions submitted at the 1980 series of conferences were responded to by speakers and panelists, we think readers would also like to know about problems that are bothering other practitioners and to find out how they are handled in other practices.

Consequently, in coming months, we will publish some of the questions which were submitted this year together with responses by various members of the AICPA management of an accounting practice committee which organizes the conferences.

Here is a question and a response by James B. Downey, CPA, of Santa Fe, New Mexico.

Question: What approach would you suggest for finding outside assistance in writing articles for publication?

Downey: Assistance might be needed in either or both of two areas—technical content and literary style.

The technical content of a manuscript can be checked using the normal research sources such as FASB statements, tax services, AICPA publications and the AICPA library. If you are located in a community where there is a university you may find that accounting professors will be pleased to review your articles. Establishing rapport with professors this way could prove useful in campus recruiting efforts.

Obtaining assistance with the actual writing of an article is a little more difficult. However, the AICPA's CPE division offers individual study courses such as "Executive Writing, Speaking and Listening Skills" and "Writing for Management Success" and holds a two-day workshop titled "Effective Writing" which could be helpful. And again, university English professors and high school English teachers would probably be flattered if you asked them to review your work. In fact, don't be embarrassed to ask advice of anyone whose command of English you admire.

Office Records:

To Keep or Not to Keep

When it comes to keeping records, many companies apparently suffer from the "squirrel syndrome." They collect everything. Their motto seems to be, "When in doubt, never throw it out."

At the other extreme is the "spring housekeeping approach." This involves sporadic, ruthless attacks on the files which, while reducing the volume of material kept, may also result in important records being unwisely discarded. It may also mean that management no longer has a clear idea of what has or has not been retained.

Although keeping records as long as possible provides a sense of security, today's high rents which put a premium on storage facilities, combined with burgeoning paperwork, make this increasingly impractical for many firms. Records should be preserved only as long as they serve a useful purpose or until all legal requirements are met. A schedule should be developed so that, at the end of a specified retention period, particular records are destroyed. Only in this way can files remain manageable.

Ronald C. Russell, CPA, of Springfield, Ohio, has developed such a schedule as a guide for his clients (see next page). With some modifications, this schedule can also be adapted for a CPA firm's administrative files. However, Mr. Russell emphasizes that the retention list is only a *guide*. Various regulations and statutory requirements, as well as specific needs, should be considered and legal counsel consulted before a retention program is put into effect.

A helpful document is the 1980 edition of *Guide to Record Retention Requirements*, published by the Office of the Federal Register. This is an instant reference to what records must be kept, by whom and for how long. It includes recordkeeping requirements for the public and for nearly every federal agency, department and office.

Copies may be purchased at \$4.00 each from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The main thing is that the initial time and expense requirements in setting up a suitable retention schedule for your clients and your own firm can pay dividends in increased efficiency and reduced costs. Now is not too soon to get started.

Records Retention Schedule

<u>Retention Period</u>	<u>Retention Period</u>
Accident reports and claims (settled cases) 7 yrs.	Invoices to customers 7 yrs.
Accounts payable ledgers and schedules .. 7 yrs.	Invoices from vendors 7 yrs.
Accounts receivable ledgers and schedules. 7 yrs.	Journals Permanently
Audit reports of accountants Permanently	Minute books of directors and stock- holders, including by-laws and charter .. Permanently
Bank reconciliations 1 yr.	Notes receivable ledgers and schedules 7 yrs.
Capital stock and bond records; ledgers, transfer registers, stubs showing issues, record of interest coupons, options, etc. . Permanently	Option records (expired) 7 yrs.
Cash books Permanently	Payroll records and summaries, including payments to pensioners 7 yrs.
Charts of accounts Permanently	Petty cash vouchers 3 yrs.
Checks (cancelled but see exception below) 7 yrs.	Physical inventory tags 3 yrs.
Checks (cancelled for important payments, i.e., taxes, purchases of property, special contracts, etc. (checks should be filed with the papers per- taining to the underlying transaction) .. Permanently	Plant cost ledgers 7 yrs.
Contracts and leases (expired) 7 yrs.	Property appraisals by outside appraisers . Permanently
Contracts and leases still in effect Permanently	Property records-including costs, depreciation reserves, end-of-year trial balances, depreciation schedules, blueprints and plans Permanently
Correspondence (routine) with customers or vendors 1 yr.	Purchase orders (except purchasing department copy) 1 yr.
Correspondence (general) 3 yrs.	Purchase orders (purchasing department copy) 7 yrs.
Correspondence (legal and important matters only) Permanently	Receiving sheets 1 yr.
Deeds, mortgages, and bills of sale Permanently	Requisitions 1 yr.
Depreciation schedules Permanently	Sales records 7 yrs.
Duplicate deposit slips 1 yr.	Savings bond registration records of employees 3 yrs.
Employee personnel records (after termination) 3 yrs.	Scrap and salvage records (inventories, sales, etc.) 7 yrs.
Employment applications 3 yrs.	Stenographer's notebooks 1 yr.
Expense analyses and expense distribution schedules 7 yrs.	Stock and bond certificates (cancelled) ... 7 yrs.
Financial statements (end-of-year, other months optional) Permanently	Stockroom withdrawal forms 1 yr.
General and private ledgers (and end-of-year trial balances) Permanently	Subsidiary ledgers 7 yrs.
Insurance policies (expired) 3 yrs.	Tax returns and worksheets, revenue agents' reports and other documents relating to determination of income tax liability Permanently
Insurance records, current accident reports, claims, policies, etc. Permanently	Time books 7 yrs.
Internal audit reports (in some situations, longer retention periods may be desirable) 3 yrs.	Trade mark registrations Permanently
Internal reports (miscellaneous) 3 yrs.	Voucher register and schedules 7 yrs.
Inventories of products, materials, and supplies 7 yrs.	Vouchers for payments to vendors, employees, etc. (includes allowances and reimbursement of employees, officers, etc., for travel and entertainment expenses) 7 yrs.

Capabilities Brochure

(Continued from page 1)

they would give your firm an image of quality or originality or whatever thought or message it is you wish to convey.

You should also talk to printers and collect samples of their finished products to learn about different processes and qualities of printing. Quality can vary widely depending on the printer's experience, the type of work usually processed, the equipment used and the printer's attention to detail.

We decided not to hire an advertising agency or public relations firm and wrote our own copy for the brochure. This required many hours of thinking, drafting and searching for the right phrases. We believe the text should be reviewed by at least one other partner who is not involved in the original drafting and should, if possible, be edited by the consultant. In our own case, each partner wrote his own biography following a somewhat standard format. This was then subject to editing by the partner in charge of the project.

One partner should be in charge of the brochure project from the time it is originated to its actual delivery from the printer. The time required for the project (usually six months to a year) depends on how quickly the various procedures can be completed. With partner involvement, the minimum lead time required is probably as follows:

<u>Procedure</u>	<u>Time required in weeks</u>
<input type="checkbox"/> Search for consultant and become acquainted with people in the trades.	4
<input type="checkbox"/> Text writing and preliminary editing. (Time varies depending on whether or not you have established the concept of what you want to convey.)	4
<input type="checkbox"/> Conferences regarding preliminary design. (This requires much thought and consideration of alternatives.)	4
<input type="checkbox"/> Layout and design of mock-up and copy editing or rewriting.	2
<input type="checkbox"/> Search for printer. (Consultant can help in comparing prices and quality of work.)	2

<u>Procedure</u>	<u>Time required in weeks</u>
<input type="checkbox"/> Approval by partner of camera-ready artwork (with, perhaps, a second partner review because this is the last chance for revisions.)	1
<input type="checkbox"/> Approval by consultant and partner of the printer's proofs.	1
<input type="checkbox"/> Brochure at printer (from camera-ready artwork to finished product)	4
Total time required	<u>22</u>

Some of these procedures may overlap slightly but most are consecutive.

Our first brochure cost approximately \$5,000 for 2,000 copies. The second printing of 2,000 copies in 1980 cost \$6,000. These prices included everything, such as design, photography, artwork and eight pages of two-color printing. They did not include any cost allocation of our partners' time.

The potential for problems is present at every stage, so here are a few words of advice:

- ☐ Select a consultant very carefully. Make sure you get good service and a quality product.
- ☐ Set a timetable for each step of the project and make sure that it is followed.
- ☐ Appoint as partner in charge of the project a person who is imaginative and creative and who pays attention to detail. (Diplomacy and leadership won't hurt either.)

Should you elect to develop a capabilities brochure, we hope it will meet with as much success as ours has. In addition to the positive effect it has had on clients, our employees' morale has also been boosted by the enhancement of the firm's image. We are convinced that our capabilities brochure is worth the cost and all the effort that went into its creation.

—Russell B. Miller, CPA
Palo Alto, California

Readers might like to refer to "Your Printed Image" in the January 1980 issue for other ideas on firm brochures. Practitioners are also reminded that the Institute's management of an accounting practice committee administers an exchange program to help firms prepare printed materials. (Contact Nancy Myers, director, industry and practice management division, AICPA.) If you have experiences in preparing brochures and other materials that would be of interest to other practitioners, we would like to hear from you.

AICPA Committee Involvement (Part II)

How much time does AICPA committee work require? The answer, of course, is that time requirements vary depending on the type of committee, how often it meets, the member's degree of involvement, the need for preparation and the amount of travel necessary. Expressed in hours per year, the responses to our survey earlier this year of 250 members of AICPA committees ranged widely, from five hours to over 1,000 hours.

Quite a few responses fell into the 10 to 80 hour range—the higher number apparently including attendance at conferences sponsored by the committee and time for homework and travel. Several members reported that major committees require about 150 to 200 hours per year, particularly if one is chairman of an active committee or of a special task force. The senior technical committees appear to be the real time consumers, though. If you aspire to the chairmanship of one of these, be prepared to devote 1,000 or more hours per year to the job.

One respondent said that the important thing is to attend the meetings called and to contribute when requested to do so, such as by responding to outlines, commenting on drafts and reading material in preparation for a meeting. Another said of the time requirement, "It may vary from a few hours to many days of work. I had one assignment on which I spent at least 150 hours. If one reads professional literature religiously, it does not take much imagination to determine the areas of greatest activity and where the concentration on committee work is likely to be."

No one seemed to have any misgivings about spending long hours on committee work. One member wrote, "An eager person can spend a great deal of time—and is the one who gets more and more appointments." And someone else said of the 15 days or more spent one year on committee work, "I enjoyed every minute of it."

If AICPA committee work takes this sort of time, how can the involvement be accommodated in a smaller firm?

"With great difficulty," was the general tone of many replies. People from smaller firms do serve on AICPA committees though, and several members had ideas on how this can be done. Here are some suggestions:

- ☐ Build up exposure through participation in chapter or state society committees first. This reduces travel time and allows you to find out gradually how much you wish to handle.

- ☐ Join the less active committees first and don't take on major tasks in the early years of practice. Leave the active committees to those senior members who are more likely to have the time and inclination to work on such projects. Also, their experience may permit them to contribute more in less time.
- ☐ Good organization is a must. Assign priorities to tasks and arrange work so it can be done after hours and on weekends, when necessary.
- ☐ Share activities if individual time commitments are small. However, other partners must be understanding and supportive if the time commitments are large. Associates should be willing to take over some of the committee member's firm responsibilities and help with certain aspects of the committee work.
- ☐ There's no need to neglect clients. Call them long-distance. Clients are impressed when they find out you are away on professional business.
- ☐ The AICPA expense-reimbursement policy is very helpful in mitigating costs in smaller firms where finances may be a problem. Take advantage of it.
- ☐ Get all partners to decide upon the cost benefits of accepting a committee membership. If the firm as a whole recognizes its responsibility to the profession, it can provide the time for a member without sacrificing significant revenues.

In general, the respondents believed that if people are not willing to exert extra efforts, working overtime to make up the difference, etc., they should not volunteer. They stressed that a person must believe in his profession and in his ability to enhance it, and that given this attitude any practitioner can afford to serve on an Institute committee.

Although some respondents mentioned that committee involvement is costly to a firm, particularly in terms of chargeable time lost, all consider the impact on the firm to be positive. Everyone agrees that committee involvement is a worthwhile experience for the people concerned. Some of the benefits cited are the

- ☐ Exposure to current thinking on professional issues and the help this can give a firm in keeping up with changes.
- ☐ Sharing of ideas and the possibility of referrals.
- ☐ Contact with extremely competent people who can help with problems. ➡

- ☐ Broadening of partner attitudes and experience, especially in terms of their technical expertise in given areas.
- ☐ Gains in personal stature by the partners—as leaders in the profession—and the gains in prestige and reputation by the firm.
- ☐ Feeling gained by rendering a worthwhile service to one's peers and profession.

If AICPA committee work is so worthwhile, how can local practitioners be encouraged to participate?

Several respondents mentioned such things as a reimbursement policy to cover all expenses, more publicity of AICPA committee appointments, letting local practitioners know that their views are needed and appreciated, recognizing their efforts through awards if necessary, or even by writing articles for the *Practicing CPA* about the application of committee pronouncements or recommendations to their practices.

Most respondents thought that the best encouragement would be via state society involvement—activity at that level would lead to a desire for a wider scope—and once practitioners had gained the experience of committee activities at the local level, they would become interested in participat-

ing nationally. The respondents thought that the idea of being part of the national scene in the accounting profession would have appeal for many local practitioners.

A typical reply was that if people really wanted to be involved in their profession, they would find the time to do the work. One committee member said, "If people are concerned too much about financial return, they should not get involved. Not everything in this world is worthwhile in terms of money."

Another committee member wrote, "Urge them to get involved, go to annual meetings of their state societies and the Institute and express themselves to officers, council members and committee chairmen and volunteer their services. As the past president of a state society, I can assure you that those who volunteer and can perform will be recognized and will enjoy their profession more than those who view the Institute as some impersonal organization in New York."

Members who would like to be considered for one of the approximately 600 AICPA committee positions that will become available in October 1981, should write to Torny Berntsen at the Institute for further details and application forms.

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